GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:1348
ANSWERED ON:07.03.2008
COMMITTEE ON FINANCIAL INCLUSION
Pal Shri Rupchand;Vallabhbhaneni Shri Balashowry

Will the Minister of FINANCE be pleased to state:

(a) whether Dr. Rangrajan Committee on Financial Inclusion has submitted its Report to Government;

(b) if so, the main recommendations of the Committee and action taken thereon;

(c) whether the Committee has recommended the creation of national mission for financial inclusion to provide better access to institutional funds to low income households and individuals; and

(d) if so, the decision taken by the Government thereon?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL)

(a) & (b): Yes, Sir. The major recommendations of the committee are as follows:

Strategy for building an inclusive financial sector;
Taking up financial inclusion as a National Rural Financial Inclusion Plan (NRFIP);
Incentivising of human resources of banks in terms of measurable performance indicators;
Creation of Financial Inclusion Promotion and Development Fund and Financial Inclusion Technology Fund to meet the cost of developmental and promotional interventions and technology adoption;
Making of marginal farm holdings viable and enabling their financial inclusion;
Recapitalisation of regional rural banks with negative net-worth and early implementation of Vaidyanathan Committee report for revival package of cooperative credit institutions;
Implementation of Reserve Bank of India's initiative for financial inclusion;
Setting up Credit Guarantee Fund for risk mitigation;
Encouraging Self Help Groups in excluded regions;
Leveraging of existing network for micro-insurance.

(c) & (d): Yes, Sir. The Committee has recommended Government of India to consider constituting a National Mission on Financial Inclusion (NaMFI) comprising representatives from all stakeholders. The purpose of the Mission is to aim at achieving universal financial inclusion within a specific time frame.

The Committee has submitted its final report to Government of India on 4th January, 2008. Meanwhile, based on the recommendations for the interim report of this Committee, the Government of India (GoI) has already taken a number of steps for implementation of this report. One of the important steps being the decision to constitute the Financial Inclusion Fund (FIF) for meeting the cost of promotional and developmental interventions and the Financial Inclusion Technology Fund (FITF) to meet the cost of technology adoption, with an overall corpus of Rs. 500 crore each, with initial funding to be contributed by the Central Government, Reserve Bank of India (RBI) and National Bank for Agriculture and Rural Development (NABARD).